

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Courtland Township</b>	County <b>Kent</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/21/05</b>	Date Accountant Report Submitted to State: <b>10/11/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hungerford, Aldrin, Nichols &amp; Carter, PC</b>			
Street Address <b>2910 Lucerne Drive SE</b>	City <b>Grand Rapids</b>	State <b>MI</b>	ZIP <b>49546</b>
Accountant Signature <i>Hungerford, Aldrin, Nichols &amp; Carter, P.C.</i>		Date <b>10/11/05</b>	

**COURTLAND TOWNSHIP**  
**Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended March 31, 2005

**COURTLAND TOWNSHIP**  
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For the year ended March 31, 2005

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## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

June 21, 2005

The Township Board  
Courtland Township  
Kent County, Michigan

We have audited the accompanying financial statements of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Courtland Township (the "Township") as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Courtland Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Courtland Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Alden, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

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As management of the Courtland Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

**Financial Highlights**

- The Township's net assets increased by \$210,337 (or 4 percent).
- Total expenses of the Township's programs were \$1,168,387.
- Total revenues, including all program and general revenues, were \$1,378,724.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$1,760,770, a decrease of \$327,750 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$1,580,873, or 166 percent of total General Fund expenditures.
- The Township's Sewer Enterprise Fund had \$2,198,769 in net assets at year-end.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety and public works. The business-type activity of the Township is the Sewer Enterprise Fund.

**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

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The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Fire Fund, each of which are considered to be major funds. Data from the Inland Lakes Fund is also presented, as it is the Township's only nonmajor governmental fund. The basic governmental fund financial statements can be found on pages 14-17 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary funds** provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

**Notes to basic financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 25-33 of this report.

**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

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**Government –Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Courtland Township, assets exceeded liabilities by \$5,531,350 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$3,575,552 (65 percent), reflects its investment in capital assets (e.g. land, buildings, sewer system, and equipment). There is no related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2005.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets	\$ 1,865,171	\$ 213,831	\$ 2,079,002
Capital assets	1,571,811	2,003,741	3,575,552
<b>Total Assets</b>	3,436,982	2,217,572	5,654,554
<b>Liabilities</b>			
Current liabilities	104,401	18,803	123,204
<b>Net Assets</b>			
Invested in capital assets	1,571,811	2,003,741	3,575,552
Unrestricted	1,760,770	195,028	1,955,798
<b>Total Net Assets</b>	<b>\$ 3,332,581</b>	<b>\$ 2,198,769</b>	<b>\$ 5,531,350</b>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2005:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Program Revenues</b>			
Charges for services	\$ 208,665	\$ 196,103	\$ 404,768
Capital grants	63,871	—	63,871
<b>General Revenues</b>			
Property taxes	361,108	—	361,108
State shared revenue	395,844	—	395,844
Interest earnings	36,427	3,130	39,557
Other	113,576	—	113,576
<b>Total Revenues</b>	<u>1,179,491</u>	<u>199,233</u>	<u>1,378,724</u>
<b>Expenses</b>			
General government	284,841	—	284,841
Public safety	217,863	—	217,863
Public works	419,378	—	419,378
Other township	32,139	—	32,139
Sewer operations	—	214,166	214,166
<b>Total Expenses</b>	<u>954,221</u>	<u>214,166</u>	<u>1,168,387</u>
Increase (decrease) in net assets	225,270	(14,933)	210,337
<b>Net Assets - Beginning of Year</b>	<u>3,107,311</u>	<u>2,213,702</u>	<u>5,321,013</u>
<b>Net Assets - End of Year</b>	<u><b>\$ 3,332,581</b></u>	<u><b>\$ 2,198,769</b></u>	<u><b>\$ 5,531,350</b></u>

**Governmental activities** increased the Township's net assets by \$225,270. Key elements of this increase are as follows:

- Property taxes increased by \$23,168 (7 percent). This increase is a product of new construction in the Township and increased valuations on existing properties.
- Federal grants totaling \$63,871 were received for the purchase of voting machines and fire equipment.
- A new fire station was constructed during the year.

**Business activities** (sewer operations) decreased the Township's net assets by \$14,993 due mainly to increased contributions to the North Kent Sewer Authority.

**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

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**Financial Analysis of the Township's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,760,770, a decrease of \$327,750 in comparison with the prior year. 100 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Courtland Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$905,881, total expenditures of \$851,896, and transfers to other funds of \$100,000. It ended the year with a fund balance of \$1,580,873, down from \$1,626,888 at March 31, 2004.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$235,457, total expenditures of \$621,409 and transfers from the General Fund of \$100,000. The expenditures include \$538,410 for a new building and equipment. It ended the year with a fund balance of \$119,754, down from \$405,706 at March 31, 2004.

Nonmajor Funds

The *Inland Lakes Fund* levies property taxes to be used for weed control at Township lakes. Total revenues were \$38,153 and expenditures totaled \$33,936. It ended the year with a fund balance of \$60,143, up from \$55,926 at March 31, 2004.

**Proprietary fund.** The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$199,233, total expenses of \$214,166 and a decrease in net assets of \$14,933 from March 31, 2004.

**General Fund Budgetary Highlights**

Over the course of the year, the Township revised the annual operating budget one time to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units.

**Capital Asset and Debt Administration**

Capital Assets

At March 31, 2005, the Township had a \$4,810,813 investment in a broad range of capital assets, including land, land improvements, sewer system, buildings and improvements, and furniture and equipment. (More detailed information about capital assets can be found in the Notes To Basic Financial Statements.)

**COURTLAND TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2005**

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Capital asset purchases totaled \$587,083 for the fiscal year with accumulated depreciation increasing \$75,628. The net book value of capital assets at March 31, 2005 is detailed as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 47,745	\$ —	\$ 47,745
Land improvements	31,762	—	31,762
Buildings and improvements	1,221,334	—	1,221,334
Sewer system	—	2,003,741	2,003,741
Vehicles	158,779	—	158,779
Furniture and equipment	112,191	—	112,191
<b>Net Capital Assets</b>	<b>\$ 1,571,811</b>	<b>\$ 2,003,741</b>	<b>\$ 3,575,552</b>

**Long-Term Debt**

The Township had no long-term debt outstanding at March 31, 2004 or 2005.

**Factors Bearing on the Township's Future**

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2005-06 anticipates an excess of expenditures over revenues of \$227,218 to be drawn from the previous year's fund balance. This estimate reflects conservative budgeting for property tax revenues and for continuing reductions in state shared revenues. The Township strives to maintain a high quality of taxpayer service, including paving roads, while trying to control/reduce costs within the Township. The Township Board's policy has been to save money for future projects, such as the township park plan, in order to incur minimal debt. Over the past fourteen years we have constructed two fire stations and a township hall following this policy and, thus, have no outstanding debt at this time.

**Contacting the Township's Financial Management**

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marilyn Crosby, Township Clerk, Courtland Township, 7450 - 14 Mile Road, Rockford, MI, 49341.

## **BASIC FINANCIAL STATEMENTS**

**COURTLAND TOWNSHIP**  
**Statement of Net Assets**  
**March 31, 2005**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash equivalents (Note B)	45,395	191	45,586
Deposits (Note B)	13,242	43,413	56,655
Investments (Note B)	1,710,183	149,621	1,859,804
Receivables:			
Taxes (Note C)	26,141	-	26,141
Accounts	8,785	4,514	13,299
Due from tax roll	-	2,894	2,894
Special assessments	-	13,198	13,198
Due from other governmental units	61,425	-	61,425
<b>Total Current Assets</b>	<u>1,865,171</u>	<u>213,831</u>	<u>2,079,002</u>
<b>Noncurrent Assets</b>			
Capital assets (Note E)	1,809,939	3,000,874	4,810,813
Less accumulated depreciation	(238,128)	(997,133)	(1,235,261)
<b>Total Noncurrent Assets</b>	<u>1,571,811</u>	<u>2,003,741</u>	<u>3,575,552</u>
<b>Total Assets</b>	<u>3,436,982</u>	<u>2,217,572</u>	<u>5,654,554</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	8,283	-	8,283
Due to other governmental units	-	18,803	18,803
Escrow deposits	96,118	-	96,118
<b>Total Liabilities</b>	<u>104,401</u>	<u>18,803</u>	<u>123,204</u>
<b>Net Assets</b>			
Invested in capital assets	1,571,811	2,003,741	3,575,552
Unrestricted	1,760,770	195,028	1,955,798
<b>Total Net Assets</b>	<u>\$ 3,332,581</u>	<u>\$ 2,198,769</u>	<u>\$ 5,531,350</u>

See accompanying notes to basic financial statements.



**COURTLAND TOWNSHIP**  
**Statement of Activities**  
**For the year ended March 31, 2005**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$284,841	\$ 23,633	\$ 21,076	\$ (240,132)	\$ -	\$(240,132)
Public safety	217,863	147,584	42,795	(27,484)	-	(27,484)
Public works	419,378	37,448	-	(381,930)	-	(381,930)
Other township	32,139	-	-	(32,139)	-	(32,139)
<b>Total Governmental Activities</b>	<u>\$954,221</u>	<u>\$ 208,665</u>	<u>\$ 63,871</u>	<u>(681,685)</u>	<u>-</u>	<u>(681,685)</u>
Business-type activities:						
Sewer enterprise fund	<u>\$214,166</u>	<u>\$ 196,103</u>	<u>\$ -</u>	<u>-</u>	<u>(18,063)</u>	<u>(18,063)</u>
General revenues:						
Property taxes levied for:						
General operations				173,996	-	173,996
Fire				187,112	-	187,112
State revenue sharing				395,844	-	395,844
Interest earnings				36,427	3,130	39,557
Other				113,576	-	113,576
<b>Total General Revenues</b>				<u>906,955</u>	<u>3,130</u>	<u>910,085</u>
<b>Change in Net Assets</b>				<u>225,270</u>	<u>(14,933)</u>	<u>210,337</u>
<b>Net Assets - Beginning of Year</b>				<u>3,107,311</u>	<u>2,213,702</u>	<u>5,321,013</u>
<b>Net Assets - End of Year</b>				<u>\$ 3,332,581</u>	<u>\$ 2,198,769</u>	<u>\$5,531,350</u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Balance Sheet**  
**Governmental Funds**  
**March 31, 2005**

	<u>General</u>	<u>Special Revenue Fire</u>	<u>Other Governmental Inland Lakes</u>	<u>Total</u>
<b>Assets</b>				
Cash equivalents (Note B)	\$ 32,818	\$ 12,577	\$ -	\$ 45,395
Deposits (Note B)	13,242	-	-	13,242
Investments (Note B)	1,372,819	279,408	57,956	1,710,183
Receivables:				
Taxes (Note C)	11,487	12,467	2,187	26,141
Accounts	8,719	-	-	8,719
Due from other funds (Note D)	186,178	1,414	-	187,592
Due from other governmental units	61,425	-	-	61,425
<b>Total Assets</b>	<u><u>\$ 1,686,688</u></u>	<u><u>\$ 305,866</u></u>	<u><u>\$ 60,143</u></u>	<u><u>\$ 2,052,697</u></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 8,283	\$ -	\$ -	\$ 8,283
Due to other funds (Note D)	1,414	186,112	-	187,526
Escrow deposits	96,118	-	-	96,118
<b>Total Liabilities</b>	<u>105,815</u>	<u>186,112</u>	<u>-</u>	<u>291,927</u>
<b>Fund balances:</b>				
Unreserved:				
Undesignated, reported in:				
General fund	1,580,873	-	-	1,580,873
Special revenue funds	-	119,754	60,143	179,897
<b>Total Fund Balances</b>	<u>1,580,873</u>	<u>119,754</u>	<u>60,143</u>	<u>1,760,770</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,686,688</u></u>	<u><u>\$ 305,866</u></u>	<u><u>\$ 60,143</u></u>	<u><u>\$ 2,052,697</u></u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**March 31, 2005**

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<b>Total governmental fund balances</b>	\$ 1,760,770
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,809,939 and accumulated depreciation is \$238,128.

1,571,811
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**Total net assets - governmental activities**

<u>\$ 3,332,581</u>
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See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended March 31, 2005**

	General	Special Revenue Fire	Other Governmental Inland Lakes	Total
<b>Revenues</b>				
Taxes	\$ 173,996	\$ 187,112	\$ 37,448	\$ 398,556
Licenses and permits	147,584	-	-	147,584
Federal sources	21,076	42,795	-	63,871
State sources	395,844	-	-	395,844
Charges for services	23,633	-	-	23,633
Interest and rentals	30,760	4,962	705	36,427
Other revenue	112,988	588	-	113,576
<b>Total Revenues</b>	<b>905,881</b>	<b>235,457</b>	<b>38,153</b>	<b>1,179,491</b>
<b>Expenditures</b>				
Current:				
General government	297,107	-	-	297,107
Public safety	137,208	621,409	-	758,617
Public works	385,442	-	33,936	419,378
Other township	32,139	-	-	32,139
<b>Total Expenditures</b>	<b>851,896</b>	<b>621,409</b>	<b>33,936</b>	<b>1,507,241</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>53,985</b>	<b>(385,952)</b>	<b>4,217</b>	<b>(327,750)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	100,000	-	100,000
Transfers out	(100,000)	-	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(46,015)</b>	<b>(285,952)</b>	<b>4,217</b>	<b>(327,750)</b>
<b>Fund Balances, April 1</b>	<b>1,626,888</b>	<b>405,706</b>	<b>55,926</b>	<b>2,088,520</b>
<b>Fund Balances, March 31</b>	<b>\$ 1,580,873</b>	<b>\$ 119,754</b>	<b>\$ 60,143</b>	<b>\$ 1,760,770</b>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended March 31, 2005**

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**Net change in fund balances - total governmental funds** \$ (327,750)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of these assets is capitalized  
and the cost is allocated over their estimated useful lives as deprecia-  
tion expense. This is the amount by which capital outlays exceeded  
depreciation in the current period:

	Capital outlays	\$ 587,083	
	Depreciation expense	(34,063)	553,020
<b>Total changes in net assets - governmental activities</b>		<b>\$</b>	<b><u><u>225,270</u></u></b>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2005**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 160,300	\$ 160,300	\$ 173,996	\$ 13,696
Licenses and permits	152,100	152,100	147,584	(4,516)
Federal sources	-	-	21,076	21,076
State sources	380,000	380,000	395,844	15,844
Charges for services	22,300	22,300	23,633	1,333
Interest and rentals	21,200	21,200	30,760	9,560
Other revenue	143,000	143,000	112,988	(30,012)
<b>Total Revenues</b>	<u>878,900</u>	<u>878,900</u>	<u>905,881</u>	<u>26,981</u>
<b>Expenditures</b>				
Current:				
General government:				
Township board	7,600	7,600	7,314	286
Supervisor	22,675	22,675	22,394	281
Elections	5,051	5,051	26,162	(21,111)
Assessor	45,700	45,700	43,355	2,345
Legal and audit	24,500	24,500	20,825	3,675
Clerk	29,761	29,761	29,761	-
General administration	86,900	86,900	71,548	15,352
Treasurer	41,600	41,600	38,005	3,595
Buildings and grounds	19,800	19,800	14,100	5,700
Cemetery	25,350	25,350	23,643	1,707
Total general government	<u>308,937</u>	<u>308,937</u>	<u>297,107</u>	<u>11,830</u>
Public safety:				
Inspections	124,200	124,200	112,578	11,622
Planning	29,100	29,100	24,630	4,470
Total public safety	<u>153,300</u>	<u>153,300</u>	<u>137,208</u>	<u>16,092</u>
Public works:				
Drains	5,000	5,000	2,000	3,000
Highways, streets and bridges	559,500	559,500	382,366	177,134
Street lighting	2,000	2,000	1,076	924
Total public works	<u>566,500</u>	<u>566,500</u>	<u>385,442</u>	<u>181,058</u>
Recreational and cultural:				
Library	-	300	-	300
Other township	<u>31,500</u>	<u>31,500</u>	<u>32,139</u>	<u>(639)</u>
<b>Total Expenditures</b>	<u>1,060,237</u>	<u>1,060,537</u>	<u>851,896</u>	<u>208,641</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(181,337)</u>	<u>(181,637)</u>	<u>53,985</u>	<u>235,622</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(181,337)</u>	<u>(281,637)</u>	<u>(46,015)</u>	<u>235,622</u>
<b>Fund Balances, April 1</b>	<u>1,626,888</u>	<u>1,626,888</u>	<u>1,626,888</u>	<u>-</u>
<b>Fund Balances, March 31</b>	<u>\$ 1,445,551</u>	<u>\$ 1,345,251</u>	<u>\$ 1,580,873</u>	<u>\$ 235,622</u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Fire Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2005**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 174,400	\$ 187,112	\$ 12,712
Federal sources	-	42,795	42,795
Interest and rentals	2,000	4,962	2,962
Other revenue	300	588	288
<b>Total Revenues</b>	<u>176,700</u>	<u>235,457</u>	<u>58,757</u>
<b>Expenditures</b>			
Current:			
Public safety	299,024	621,409	(322,385)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(122,324)</u>	<u>(385,952)</u>	<u>(263,628)</u>
<b>Other Financing Sources</b>			
Transfers in	100,000	100,000	-
<b>Net Change in Fund Balances</b>	<u>(22,324)</u>	<u>(285,952)</u>	<u>(263,628)</u>
<b>Fund Balances, April 1</b>	<u>405,706</u>	<u>405,706</u>	<u>-</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 383,382</u></u>	<u><u>\$ 119,754</u></u>	<u><u>\$ (263,628)</u></u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Statement of Net Assets**  
**Proprietary Fund**  
**March 31, 2005**

	<u>Sewer Enterprise</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash equivalents (Note B)	\$ 191
Deposits (Note B)	43,413
Investments (Note B)	149,621
Receivables:	
Accounts	4,514
Due from tax roll	2,894
Special assessments	13,198
<b>Total Current Assets</b>	<u>213,831</u>
<b>Noncurrent Assets</b>	
Capital assets (Note E)	3,000,874
Less accumulated depreciation	<u>(997,133)</u>
<b>Total Noncurrent Assets</b>	<u>2,003,741</u>
<b>Total Assets</b>	<u>2,217,572</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Due to other governmental units	18,803
<b>Net Assets</b>	
Invested in capital assets	2,003,741
Unrestricted	<u>195,028</u>
<b>Total Net Assets</b>	<u><u>\$ 2,198,769</u></u>

See accompanying notes to basic financial statements.



**COURTLAND TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the year ended March 31, 2005**

	Sewer Enterprise
<b>Operating Revenues</b>	
Charges for services	\$ 134,202
<b>Operating Expenses</b>	
Sewer:	
Salaries	2,014
Social Security taxes	155
Operating supplies	416
Audit fees	1,500
Engineering fees	7,293
Commodity charges	24,262
Operation and maintenance	111,502
Other expense	848
Depreciation	41,565
<b>Total Operating Expenses</b>	189,555
<b>Operating Loss</b>	(55,353)
<b>Nonoperating Revenues (Expenses)</b>	
Connection fees	61,901
Interest income	3,130
Contributions to North Kent Sewer Authority	(24,611)
<b>Net Nonoperating Revenues (Expenses)</b>	40,420
<b>Net Loss</b>	(14,933)
<b>Net Assets, April 1</b>	2,213,702
<b>Net Assets, March 31</b>	<u>\$ 2,198,769</u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended March 31, 2005**

	Sewer Enterprise
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 132,930
Cash payments to suppliers	(143,544)
Cash payments to employees	(2,169)
	<u>(12,783)</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>(12,783)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Connection charges	68,500
Contributions to North Kent Sewer Authority	(24,611)
	<u>43,889</u>
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<u>43,889</u>
<b>Cash Flows From Investing Activities</b>	
Interest received	3,130
	<u>3,130</u>
<b>Net Increase In Cash and Cash Equivalents</b>	34,236
<b>Cash and Cash Equivalents, beginning of year</b>	<u>158,989</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 193,225</u></u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities</b>	
Operating loss	<u>\$ (55,353)</u>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	41,565
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(218)
(Increase) decrease in due from property tax roll	(1,054)
Increase (decrease) in due to other governmental units	2,277
	<u>42,570</u>
Total adjustments	<u>42,570</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u><u>\$ (12,783)</u></u>

See accompanying notes to basic financial statements.

**COURTLAND TOWNSHIP**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Assets**  
**March 31, 2005**

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	Agency Fund
	<hr/>
<b>Assets</b>	
Deposits (Note B)	\$ 3,385
	<hr/>
<b>Liabilities</b>	
Due to other funds (Note D)	\$ 66
Due to other governmental units	3,319
	<hr/>
<b>Total Liabilities</b>	\$ 3,385
	<hr/>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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## **Note A – Summary of Significant Accounting Policies**

Courtland Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and four Trustees, each of whom is elected for a four year term of office. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative, sewage disposal and other services.

The financial statements of Courtland Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In the fiscal year ended March 31, 2005, the Township adopted GASB Statement No. 34, “*Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments.*” GASB Statement No. 34 requires new basic financial statements for reporting on the Township’s financial activities. The effect of this change was to include a management’s discussion and analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operation; include government-wide financial statements prepared on the full accrual basis of accounting; and include fund financial statements which present information with a focus on major funds, rather than on fund type.

The more significant of the Township’s accounting policies are described below.

### **1. The Reporting Entity**

The accompanying financial statements present the Township of Courtland. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

### **2. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** – The fund financial statements provide information about the Township’s funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the Township’s primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and capital improvements of the Township Fire Department.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township’s sanitary sewer system.

Additionally, the Township reports the following funds:

The *Inland Lakes Special Revenue Fund* levies property taxes to be used for weed control at Township lakes.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

#### **4. Budgets and Budgetary Accounting**

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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**5. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**6. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Sewer system	50 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

**9. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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**10. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

**11. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash Equivalents, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Bank One
2. Independent Bank West
3. Kent County Local Government Investment Pool

Balances at March 31, 2005 related to cash equivalents, deposits and investments are detailed on the combined balance sheet as follows:

Cash equivalents	\$ 45,586
Deposits	60,040
Investments	1,859,804
	<hr/>
	\$ 1,965,430
	<hr/>

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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**Cash Equivalents and Deposits**

Cash equivalents consists of bank non-interest earning checking accounts. Deposits consist of bank interest earning checking, savings and money market accounts.

Cash equivalents and deposits at March 31, 2005, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 105,626	\$ 150,570
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	—	156,721
	<u>\$ 105,626</u>	<u>\$ 307,291</u>

**Investments**

The Kent County Local Government Investment Pool consists of monies advanced for investment with accounts established in the Township's name within the pool. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investment of the pools are classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the fund. Balances at March 31, 2005 are as follows:

Uninsured/Uncategorized:	
Kent County Local Government Investment Pool	<u>\$ 1,859,804</u>

**Note C – General Property Taxes**

Property taxes for the Township and Kent County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General and Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available. The 2004 property tax roll, levied December 1, 2004, represents revenue for the fiscal year ended March 31, 2005.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Grand Rapids Community College, Kent Intermediate School District, Rockford Public Schools and Cedar Springs Public Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 0.8366 mills for 2004-05 general operations. The Township also levied 0.9080 mills for fire department operations.

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

The tax collection record of Township taxes for the past four years is shown in the following summary:

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Township taxes levied	\$359,353	\$334,363	\$310,866	\$288,603
Taxes collected:				
Current to March 1	335,332	314,505	289,905	270,209
Total to March 31, 2005	335,332	333,419	310,866	288,603
Percentages of collections:				
Current to March 1	93.32%	94.06%	93.26%	93.63%
Total to March 31, 2005	93.32%	99.72%	100.00%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2005 valuations in the following summary:

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2005	\$219,853,515	\$5,125,100	\$224,978,615
2004	201,080,450	4,917,000	205,997,450
2003	184,175,818	5,359,400	189,535,218
2002	168,389,189	5,054,500	173,443,689
2001	154,594,853	4,718,100	159,312,953
2000	139,723,816	4,376,600	144,100,416
1999	130,811,202	4,205,100	135,016,302
1998	119,933,464	3,750,200	123,683,664
1997	109,438,277	3,377,900	112,816,177
1996	99,296,316	3,260,100	102,556,416

**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds at March 31, 2005 are detailed as followed:

	<b>Due From</b>	<b>Due To</b>
General Fund:		
Fire Special Revenue Fund	\$ 186,112	\$ 1,414
Tax Account Agency Fund	66	—
Special Revenue Funds:		
Fire Special Revenue Fund:		
General Fund	1,414	186,112
Agency Fund:		
Tax Account Agency Fund:		
General Fund	—	66
	<u>\$ 187,592</u>	<u>\$ 187,592</u>

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

The balance due from the Fire Special Revenue Fund to the General Fund represents an advance to the Fire Fund to cover construction costs on the new fire station. The balance will be repaid over a maximum period of ten years.

Interfund transfers, for the budgeted support of Fire Fund expenditures, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds</b>		
General Fund:		
Fire Special Revenue Fund	\$ —	\$ 100,000
Fire Special Revenue Fund		
General Fund	100,000	—
<b>Total</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

## Note E – Capital Assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Balances April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances March 31, 2005</u>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 47,745	\$ —	\$ —	\$ 47,745
Capital assets being depreciated:				
Land improvements	25,000	15,262	—	40,262
Buildings and improvements	861,640	476,112	—	1,337,752
Furniture and equipment	46,985	95,709	—	142,694
Vehicles	241,486	—	—	241,486
Totals at historical cost	<u>1,222,856</u>	<u>\$ 587,083</u>	<u>\$ —</u>	<u>1,809,939</u>
Less accumulated depreciation for:				
Land improvements	\$ 7,250	\$ 1,250	\$ —	\$ 8,500
Buildings and improvements	97,706	18,712	—	116,418
Furniture and equipment	26,563	3,940	—	30,503
Vehicles	72,546	10,161	—	82,707
Total accumulated depreciation	<u>204,065</u>	<u>\$ 34,063</u>	<u>\$ —</u>	<u>238,128</u>
<b>Net Capital Assets – Governmental Activities</b>	<u>\$ 1,018,791</u>			<u>\$ 1,571,811</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 14,702
Public safety	19,991
	<u>\$ 34,063</u>

**COURTLAND TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2005**

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	<u>Balances</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2005</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Sewer system	\$ 3,000,874	\$ —	\$ —	\$ 3,000,874
Less accumulated depreciation	<u>955,568</u>	<u>41,565</u>	<u>—</u>	<u>997,133</u>
<b>Net Capital Assets –     Business-Type Activities</b>	<u><u>\$ 2,045,306</u></u>			<u><u>\$ 2,003,741</u></u>

**Note F –Receivables**

Amounts shown as accounts receivable of the Enterprise Funds consist of current and delinquent sewer usage charges.

Amounts due from the general property tax roll represent sewer bills that are delinquent six months as of September 1 each year and are certified to the general property tax roll as of that date together with interest at 6% per annum. These amounts are then included with the general property taxes which become due and payable December 1 each year and become a lien on the property as of that date.

**Note G – Accounts Payable**

Accounts payable represent expenditures and operating expenses incurred during the year ended March 31, 2005, but not paid until subsequent to the close of the Township's fiscal year.

**Note H – Stewardship, Compliance and Accountability**

The following Township fund had actual expenditures exceed final budgeted expenditures for the year ended March 31, 2005, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
<b>Special Revenue Fund</b>			
Fire	\$ 299,024	\$ 621,409	\$ 322,385

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**COURTLAND TOWNSHIP**  
**General Fund**  
**Comparative Balance Sheet**  
**March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash equivalents	\$ 32,818	\$ 27,980
Deposits	13,242	3,289
Investments	1,372,819	1,554,608
Receivables:		
Taxes	11,487	9,070
Accounts	8,719	10,177
Due from other funds	186,178	66
Due from other governmental units	<u>61,425</u>	<u>53,201</u>
<b>Total Assets</b>	<u><u>\$ 1,686,688</u></u>	<u><u>\$ 1,658,391</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,283	\$ 9,668
Due to other funds	1,414	-
Due to other governmental units	-	4,888
Escrow deposits	<u>96,118</u>	<u>16,947</u>
<b>Total Liabilities</b>	<u>105,815</u>	<u>31,503</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>1,580,873</u>	<u>1,626,888</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,686,688</u></u>	<u><u>\$ 1,658,391</u></u>



**COURTLAND TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended March 31, 2005 and 2004**

	2005	2004
Taxes:		
Current property taxes	\$ 173,465	\$ 160,165
Delinquent property taxes	410	-
Penalties and interest on taxes	121	4,057
	<u>173,996</u>	<u>164,222</u>
Licenses and permits:		
Cable television fees	24,599	23,510
Right-of-way fees	5,342	(1,518)
Building permits	71,177	66,949
Electrical permits	11,752	11,992
Mechanical permits	17,976	19,846
Plumbing permits	16,646	16,791
Dog licenses	92	91
	<u>147,584</u>	<u>140,697</u>
Federal sources:		
Vote America grant	21,076	-
State sources:		
Sales taxes	395,844	393,851
Charges for services:		
Planning commission fees	3,300	1,900
Zoning and appeals fees	1,600	2,000
Summer tax collection fees	10,153	9,604
Grave openings	4,380	4,965
Sale of cemetery lots	4,200	4,900
	<u>23,633</u>	<u>23,369</u>
Interest and rentals:		
Interest on deposits and investments	28,110	22,713
Rentals	2,650	1,500
	<u>30,760</u>	<u>24,213</u>
Other revenue:		
Courtland Crossings settlement	111,647	52,587
Miscellaneous	1,341	2,343
	<u>112,988</u>	<u>54,930</u>
<b>Total Revenues</b>	<u><u>\$ 905,881</u></u>	<u><u>\$ 801,282</u></u>

**COURTLAND TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Current:		
General government:		
Township board:		
Salaries	\$ 6,933	\$ 5,200
Travel and expenses	381	47
	<u>7,314</u>	<u>5,247</u>
Supervisor:		
Salaries:		
Supervisor	20,000	20,000
Assistant	1,747	2,032
Office supplies	33	34
Travel and expenses	614	742
	<u>22,394</u>	<u>22,808</u>
Elections:		
Election workers salaries	4,215	-
Office supplies	426	-
Contracted services	445	-
New equipment	21,076	-
	<u>26,162</u>	<u>-</u>
Assessor:		
Salaries:		
Assessor	31,000	30,000
Deputy	9,633	8,701
Office supplies	2,030	2,042
Travel and expenses	497	578
Dues and memberships	195	55
	<u>43,355</u>	<u>41,376</u>
Legal and audit:		
Legal fees	14,065	8,482
Audit fees	6,760	4,000
	<u>20,825</u>	<u>12,482</u>
Clerk:		
Salaries:		
Clerk	20,000	20,000
Deputy	8,643	4,878
Travel and expenses	382	173
Legal notices and publications	736	492
	<u>29,761</u>	<u>25,543</u>
General administration:		
Clerical salaries	17,712	16,928
Office supplies	2,042	2,213
Postage	4,860	6,519
Telephone	6,422	5,948
Community relations	7,351	12,592
Community cable	2,436	2,351
Newsletter	1,333	1,145
Equipment maintenance	9,607	17,134
Dues and memberships	9,947	9,553
New equipment	9,838	10,581
	<u>71,548</u>	<u>84,964</u>

(Continued)

**COURTLAND TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Treasurer:		
Salaries:		
Treasurer	\$ 20,000	\$ 20,000
Deputy	10,123	8,134
Office supplies	1,742	1,440
Property tax administration system	5,473	5,069
Travel and expenses	667	499
	<u>38,005</u>	<u>35,142</u>
Buildings and grounds:		
Custodial and maintenance salaries	2,649	2,483
Supplies	1,289	112
Utilities	5,787	4,547
Repair and maintenance	3,527	5,427
Equipment maintenance	-	59
New equipment	848	1,986
	<u>14,100</u>	<u>14,390</u>
Cemetery:		
Supplies	108	95
Contracted services	4,230	5,005
Utilities	177	195
Grounds maintenance	19,128	21,012
	<u>23,643</u>	<u>26,307</u>
Total general government	<u>297,107</u>	<u>268,259</u>
Public safety:		
Inspections:		
Salaries:		
Building inspector	67,619	63,573
Mechanical inspector	17,077	18,854
Electrical inspector	11,693	13,642
Plumbing inspector	15,813	15,952
Supplies	227	56
Miscellaneous	149	-
	<u>112,578</u>	<u>112,077</u>
Planning and zoning:		
Salaries:		
Zoning administrator	11,000	9,500
Clerical	1,552	1,691
Planning commission	4,175	4,460
Supplies	95	-
Professional services	7,404	5,559
Master plan development	404	431
	<u>24,630</u>	<u>21,641</u>
Total public safety	<u>137,208</u>	<u>133,718</u>
Public works:		
Drains:		
Kent County drain assessment	2,000	3,993

(Continued)

**COURTLAND TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2005 and 2004**

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	<u>2005</u>	<u>2004</u>
Highways, streets and bridges:		
Road construction	\$ 376,472	\$ 47,320
Dust layer	5,894	12,357
	<u>382,366</u>	<u>59,677</u>
Street lighting:		
Utilities	1,076	1,402
	<u>1,076</u>	<u>1,402</u>
Total public works	<u>385,442</u>	<u>65,072</u>
Other township:		
Social Security taxes	13,612	12,825
Insurance and bonds	13,254	13,103
Miscellaneous	5,273	3,261
	<u>32,139</u>	<u>29,189</u>
Total other township	<u>32,139</u>	<u>29,189</u>
<b>Total Expenditures</b>	<u><u>\$ 851,896</u></u>	<u><u>\$ 496,238</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**COURTLAND TOWNSHIP**  
**Inland Lakes Improvements Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2005**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 37,460	\$ 37,448	\$ (12)
Interest and rentals	625	705	80
<b>Total Revenues</b>	<u>38,085</u>	<u>38,153</u>	<u>68</u>
<b>Expenditures</b>			
Current:			
Public works	<u>58,500</u>	<u>33,936</u>	<u>24,564</u>
<b>Net Change in Fund Balances</b>	(20,415)	4,217	24,632
<b>Fund Balances, April 1</b>	<u>55,926</u>	<u>55,926</u>	<u>-</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 35,511</u></u>	<u><u>\$ 60,143</u></u>	<u><u>\$ 24,632</u></u>

## **SPECIAL REVENUE FUNDS**

*Fire* — to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

*Inland Lakes Improvement* — to account for taxes levied for weed control purposes on Big Brower Lake, Little Brower Lake and Myers Lake.

**COURTLAND TOWNSHIP  
Fire Special Revenue Fund  
Comparative Balance Sheet  
March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash equivalents	\$ 12,577	\$ -
Investments	279,408	395,862
Taxes receivable	12,467	9,844
Due from other funds	<u>1,414</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 305,866</u></u>	<u><u>\$ 405,706</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	<u>\$ 186,112</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>119,754</u>	<u>405,706</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 305,866</u></u>	<u><u>\$ 405,706</u></u>



**COURTLAND TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 186,986	\$ 173,532
Delinquent property taxes	126	186
Federal sources:		
FEMA grant	42,795	570
Interest and rentals:		
Interest on deposits and investments	4,962	4,991
Other revenue:		
Sale of assets	-	3,000
Miscellaneous	588	1,185
	<u>235,457</u>	<u>183,464</u>
<b>Total Revenues</b>	<u>235,457</u>	<u>183,464</u>
<b>Expenditures</b>		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief	20,000	19,500
Deputy fire chief	3,400	3,300
Firefighters	15,154	12,113
Custodial	1,100	1,050
Social Security taxes	3,334	2,976
Supplies	1,345	1,145
Gas and oil	3,325	3,530
Rescue supplies	1,286	1,015
Physical examinations	2,224	2,010
Travel, workshops and conferences	1,727	1,330
Education	3,044	1,906
Insurance and bonds	3,191	1,303
Utilities	10,301	6,043
Building maintenance	1,521	3,943
Equipment maintenance	563	1,604
Vehicle maintenance	2,014	3,444
County fire assessment	5,419	9,093
Dues and memberships	187	339
Miscellaneous	3,864	2,130
New building	486,112	10,423
New equipment	52,298	22,039
New vehicles	-	52,767
	<u>621,409</u>	<u>163,003</u>
<b>Total Expenditures</b>	<u>621,409</u>	<u>163,003</u>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over Expenditures</b>	<u>(385,952)</u>	<u>20,461</u>
<b>Other Financing Sources</b>		
Transfers in	<u>100,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(285,952)</u>	<u>20,461</u>
<b>Fund Balances, April 1</b>	<u>405,706</u>	<u>385,245</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 119,754</u></u>	<u><u>\$ 405,706</u></u>

**COURTLAND TOWNSHIP**  
**Inland Lakes Improvement Special Revenue Fund**  
**Comparative Balance Sheet**  
**March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Investments	\$ 57,956	\$ 54,060
Taxes receivable	<u>2,187</u>	<u>1,866</u>
<b>Total Assets</b>	<u><u>\$ 60,143</u></u>	<u><u>\$ 55,926</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>60,143</u>	<u>55,926</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 60,143</u></u>	<u><u>\$ 55,926</u></u>

**COURTLAND TOWNSHIP**  
**Inland Lakes Improvement Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
Taxes:		
Weed control assessments	\$ 37,448	\$ 37,448
Interest and rentals:		
Interest on investments	<u>705</u>	<u>587</u>
<b>Total Revenues</b>	<u>38,153</u>	<u>38,035</u>
<b>Expenditures</b>		
Current:		
Public works:		
Weed control services	<u>33,936</u>	<u>41,723</u>
<b>Excess (Deficiency) of Revenues       Over Expenditures</b>	4,217	(3,688)
<b>Fund Balances, April 1</b>	<u>55,926</u>	<u>59,614</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 60,143</u></u>	<u><u>\$ 55,926</u></u>

## **ENTERPRISE FUND**

*Sewer Enterprise* - to account for the provision of sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, administration, debt service, construction and billing and collection.

**COURTLAND TOWNSHIP**  
**Sewer Enterprise Fund**  
**Comparative Balance Sheet**  
**March 31, 2005 and 2004**

<b>Assets</b>	<u>2005</u>	<u>2004</u>
<b>Current Assets</b>		
Cash equivalents	\$ 191	\$ 208
Deposits	43,413	6,463
Investments	149,621	152,318
Receivables:		
Accounts	4,514	4,296
Due from property tax roll	2,894	1,840
Special assessments	13,198	19,797
<b>Total Current Assets</b>	<u>213,831</u>	<u>184,922</u>
<b>Noncurrent Assets</b>		
Capital assets	3,000,874	3,000,874
Less accumulated depreciation	<u>(997,133)</u>	<u>(955,568)</u>
Net capital assets	<u>2,003,741</u>	<u>2,045,306</u>
<b>Total Assets</b>	<u><u>\$ 2,217,572</u></u>	<u><u>\$ 2,230,228</u></u>
 <b>Liabilities and Fund Equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Due to other governmental units	<u>\$ 18,803</u>	<u>\$ 16,526</u>
<b>Fund Equity</b>		
Retained earnings:		
Unreserved	<u>2,198,769</u>	<u>2,213,702</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 2,217,572</u></u>	<u><u>\$ 2,230,228</u></u>

**COURTLAND TOWNSHIP**  
**Sewer Enterprise Fund**  
**Comparative Schedule of Revenues, Expenses and Changes in Retained Earnings**  
**For the years ended March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Operating Revenues</b>		
Charges for services:		
Sewer usage charges	131,760	124,232
Permits and inspections	2,442	1,379
<b>Total Operating Revenues</b>	<u>134,202</u>	<u>125,611</u>
<b>Operating Expenses</b>		
Sewer:		
Salaries	2,014	1,965
Social Security taxes	155	152
Operating supplies	416	550
Legal fees	-	16
Audit fees	1,500	1,500
Engineering fees	7,293	7,612
Insurance	-	8,636
Commodity charges	24,262	21,096
Operation and maintenance	111,502	117,314
Other expenses	848	508
Depreciation	41,565	40,565
<b>Total Operating Expenses</b>	<u>189,555</u>	<u>199,914</u>
<b>Operating Loss</b>	<u>(55,353)</u>	<u>(74,303)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Connection fees	61,901	64,766
Other revenue	-	115
Interest income	3,130	2,651
Contributions to North Kent Sewer Authority	(24,611)	(17,000)
<b>Net Nonoperating Revenues (Expenses)</b>	<u>40,420</u>	<u>50,532</u>
<b>Net Loss</b>	(14,933)	(23,771)
<b>Retained Earnings, April 1</b>	<u>2,213,702</u>	<u>2,237,473</u>
<b>Retained Earnings, March 31</b>	<u><u>\$ 2,198,769</u></u>	<u><u>\$ 2,213,702</u></u>

**COURTLAND TOWNSHIP**  
**Sewer Enterprise Fund**  
**Comparative Schedule of Cash Flows**  
**For the years ended March 31, 2005 and 2004**

	2005	2004
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 132,930	\$ 123,531
Cash payments to suppliers	(143,544)	(153,883)
Cash payments to employees	(2,169)	(2,117)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>(12,783)</u>	<u>(32,469)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Nonoperating revenues	-	115
Connection charges	68,500	64,766
Fixed asset additions	-	(20,099)
Contributions to North Kent Sewer Authority	(24,611)	(17,000)
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<u>43,889</u>	<u>27,782</u>
<b>Cash Flows From Investing Activities</b>		
Interest received	3,130	2,651
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	34,236	(2,036)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>158,989</u>	<u>161,025</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 193,225</u></u>	<u><u>\$ 158,989</u></u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities</b>		
Operating loss	<u>\$ (55,353)</u>	<u>\$ (74,303)</u>
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	41,565	40,565
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(218)	(1,563)
(Increase) decrease in due from property tax roll	(1,054)	(517)
Increase (decrease) in due to other governmental units	2,277	3,349
<b>Total adjustments</b>	<u>42,570</u>	<u>41,834</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u><u>\$ (12,783)</u></u>	<u><u>\$ (32,469)</u></u>

## **AGENCY FUND**

*Tax Account Agency*—to account for the collection of current and delinquent property taxes, dog licenses, delinquent special assessments and delinquent quarterly sewer charges and payment to the governmental units, funds or other persons entitled to receive these funds.



**COURTLAND TOWNSHIP**  
**Tax Account Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended March 31, 2005**

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	Balances <u>April 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	Balances <u>March 31, 2005</u>
<b>Assets</b>				
Deposits	\$ 66	\$ 6,154,266	\$ 6,150,947	\$ 3,385
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 50,187	\$ 50,187	\$ -
Due to other funds	66	375,290	375,290	66
Due to other governmental units	-	5,728,789	5,725,470	3,319
<b>Total Liabilities</b>	<u>\$ 66</u>	<u>\$ 6,154,266</u>	<u>\$ 6,150,947</u>	<u>\$ 3,385</u>

## **OTHER INFORMATION**

**COURTLAND TOWNSHIP**  
**Summary of 2004 Taxes Levied and Collected**  
**For the year ended March 31, 2005**

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<b><u>Ad Valorem Taxes</u></b>					
<b>Kent County</b>					
Operating	\$205,997,450	5.31400	\$ 1,094,624	\$ 73,170	\$ 1,021,454
<b>Kent District Library</b>	205,997,450	0.88000	181,263	12,117	169,146
<b>State Education Tax</b>		6.00000			
Cedar Springs Public Schools	64,640,833		387,841	25,145	362,696
Rockford Public Schools	141,356,617		848,133	24,226	823,907
<b>Total State Education Tax</b>			1,235,974	49,371	1,186,603
<b>School Districts</b>					
Kent Intermediate School District	205,997,450	4.53330	933,833	37,302	896,531
Grand Rapids Community College	205,997,450	1.78650	367,999	14,700	353,299
Cedar Springs Public Schools:					
Other	64,640,833	7.00000	452,482	29,337	423,145
Operating	9,686,914	18.00000	174,364	43,519	130,845
Rockford Public Schools:					
Other	141,356,617	9.50000	1,342,853	60,039	1,282,814
Operating	15,761,229	18.00000	283,700	22,067	261,633
<b>Total School Districts</b>			3,555,231	206,964	3,348,267
<b>Courtland Township</b>	205,997,450				
Operating		0.83660	172,322	11,519	160,803
Fire protection		0.90800	187,031	12,502	174,529
Special levies:					
Weed control			37,448	2,187	35,261
Court ordered levy			1,175	0	1,175
Delinquent sewer/water			6,416	2,894	3,522
<b>Total Courtland Township</b>			404,392	29,102	375,290
<b>Total Ad Valorem Taxes</b>			<u>\$ 6,471,484</u>	<u>\$ 370,724</u>	<u>\$ 6,100,760</u>

(Continued)

**COURTLAND TOWNSHIP**  
**Summary of 2004 Taxes Levied and Collected**  
**For the year ended March 31, 2005**

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<b><u>Commercial Forest Taxes</u></b>					
<b>Kent County</b>	\$ 3,480	2.65700	\$ 9	\$ -	\$ 9
<b>Kent District Library</b>	3,480	0.44000	2	-	2
<b>State Education Tax</b>					
Rockford Public Schools	3,480	3.00000	10	-	10
<b>School Districts</b>					
Kent Intermediate School District	3,480	2.26665	7	-	7
Grand Rapids Community College	3,480	0.89325	3	-	3
Rockford Public Schools:					
Other	3,480	4.75000	14	-	14
Operating	3,480	9.00000	48	-	48
<b>Courtland Township</b>	3,480				
Operating		0.41830	1	-	1
Fire protection		0.45400	2	-	2
<b>Total Commercial Forest Taxes</b>			<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 96</u>

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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C P A s   A N D   C O N S U L T A N T S

June 21, 2005

The Township Board  
Courtland Township  
Kent County, Michigan

The following comments pertain to our audit of the financial records of Courtland Township as of and for the year ended March 31, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Courtland Township.

### **Auditors Responsibility Under Generally Accepted Auditing Standards**

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

### **Significant Accounting Policies**

The elected officials and management of Courtland Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Courtland Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report. As described in Note A, Courtland Township changed accounting policies related to financial reporting by adopting GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments in fiscal year 2004-05*

### **Difficulties Encountered In Performing The Audit**

We encountered no significant difficulties in performing our audit of the financial records of Courtland Township. We found that the internal control structure and accounting system was adequate and operating in the manner intended. The audit field work and preparation of the Comprehensive Annual Financial Report took significantly longer than usual due to the expanded requirements of Governmental Standards Board Statement No. 34, mainly for the establishment of the Township initial capital asset and depreciation schedules.

### **Significant Audit Adjustments**

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

#### **General Fund**

1. \$9,070 and \$11,487 to reverse and accrue prior and current year taxes receivable.
2. \$10,177 and \$8,719 to reverse and accrue prior and current year end accounts receivable for inspection fees.
3. \$9,668 and \$8,283 to reverse and accrue prior and current year end accounts payable for inspection fees.
4. \$4,888 to reverse the prior year end account payable to the Kent County Road Commission.
5. \$53,201 and \$61,425 to reverse and accrue final state revenue sharing payments receivable at year end.

Inland Lakes Improvement Fund

1. \$1,866 and \$2,187 to reverse and accrue year end taxes receivable.

Fire Fund

1. \$9,844 and \$12,467 to reverse and accrue year end taxes receivable.
2. \$42,795 to record the FEMA grant received during the year for new fire equipment.

Sewer Enterprise Fund

1. \$41,565 to record 2004-05 depreciation expense on system assets.
2. \$6,136 and \$7,408 to reverse and accrue prior and current year end accounts receivable.
3. \$16,526 and \$18,803 to reverse and accrue prior and current year end accounts payable.

**Passed Audit Adjustments**

There were no adjustments proposed during the audit that were not recorded by Courtland Township.

**Suggestions And Recommendations**

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting.

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This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Courtland Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Courtland Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

*Hungerford, Alden, Nichols & Martin, P.C.*

Certified Public Accountants